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October 14, 2010

RE: Greenhouse Gas Permitting Requirements

Recent actions taken by the U.S. Environmental Protection Agency (EPA) may impact air permitting requirements for any facility that has the potential to emit greenhouse gas emissions [June 3, 2010, Prevention of Significant Deterioration and Title V Greenhouse Gas Tailoring Rule (EPA Tailoring Rule)]. While there is still much uncertainty at the national level concerning regulation of greenhouse gases, this letter is being sent to all permitted facilities to help answer the many questions we have received from businesses since the EPA Tailoring Rule was finalized. Starting in 2011, all applications for construction permits, operating permits, and permit renewals will need to include potential greenhouse gas emission calculations to determine if and how the EPA Tailoring Rule is applicable. This may result in a change in permit type for some facilities.

Greenhouse Gases

Although there are many compounds that may be considered a greenhouse gas (GHG), the EPA has designated the following six greenhouse gases in the Tailoring Rule:

• carbon dioxide (CO ₂)	• hydrofluorocarbons (HFCs)	• nitrous oxide (N ₂ O)
• methane (CH ₄)	• perfluorocarbons (PFCs)	• sulfur hexafluoride (SF ₆)

A facility's total emissions from all six gases will be calculated as "carbon dioxide equivalent," or CO₂e.

EPA Tailoring Rule Implementation Timeline

The EPA Tailoring Rule will be implemented in steps and may impact the type of construction and operating permits your facility will need at that time.

Step One: Starting January 2, 2011, any Prevention of Significant Deterioration (PSD) construction project that also has the potential to emit at least 75,000 tons per year (tpy) of CO₂e will require a best available control technology (BACT) review for CO₂e emissions.

Step Two: Starting July 1, 2011, facilities with the potential to emit at least 100,000 tpy of CO₂e emissions will be considered a major source for construction and operating permit purposes. Facilities may request federally enforceable limits to avoid major source status.

- New construction and modification projects: Any construction project that has the potential to emit at least 100,000 tpy of CO₂e emissions, and any modification project that increases net CO₂e emissions by at least 75,000 tpy will require a PSD construction permit.
- Operating Permits: Any facility with the potential to emit at least 100,000 tpy of CO₂e emissions plant-wide will be considered a major source and will have one year to apply for a Title V operating permit. A complete Title V application must be submitted by July 1, 2012. Existing Title V facilities should account for GHG emissions at Title V renewal or major modifications requested after July 1, 2011, whichever comes first. (continue next page)

Step Three and beyond: In the EPA Tailoring Rule, the EPA stated that it would determine if the GHG major source thresholds need to be adjusted no later than July 1, 2012. The EPA also stated that all sources emitting less than 50,000 tpy of CO₂e emissions will not be subject to PSD or Title V permitting before April 30, 2016.

Air Emission Fees

We do not plan to collect CO₂e fees until we have fully evaluated the need for additional fees and have provided the public, including regulated facilities, an opportunity for input through rulemaking. We believe that the current fee structure is not appropriate for CO₂e emissions because most facilities emit significantly higher GHG emissions compared to other regulated pollutants. We will continue to collect fees for air pollutants which may also be GHGs, but are regulated under different aspects of the air program, such as methane.

Implementation Assistance

At this point EPA has not provided guidance and direction concerning the specific permit requirements for GHG emissions. We will keep you updated on any regulatory changes. In addition, we have developed a webpage, which can be found at <http://www.scdhec.gov/environment/baq/GHGEmissions>, to assist with implementing the EPA Tailoring Rule. The webpage is designed to provide links to EPA emission factors, examples of how to calculate CO₂e, possible future EPA GHG BACT guidance, and guidelines to the air permitting process.

If you have any questions, please contact: Fatina Washburn Clark at 803.898.4072; email at clarkfaw@dhec.sc.gov or Susan Peterson at 803.898.0873; email at peterssc@dhec.sc.gov, or any other BAQ contacts as listed on our website.

Sincerely,

A handwritten signature in black ink, appearing to read "Elizabeth Basil". The signature is fluid and cursive, with the first name "Elizabeth" and last name "Basil" clearly distinguishable.

Elizabeth Basil, Director
Engineering Services Division
Bureau of Air Quality
South Carolina Department of Health and Environmental Control